



ENERGY SITUATION ANALYSIS REPORT



May 7, 2002

(next scheduled update: May 8, 2002)

Energy Information Administration
US Department of Energy
Washington, DC 20585
(202) 586-8800

Petroleum Natural Gas Coal Electricity

Latest Energy Market Developments

(updated May 7, 2002)

Crude oil prices have been relatively stable over the past few days, despite Iraq's May 5 announcement that its oil-for-food exports will resume on Wednesday, May 8. So far, May has seen closing prices for West Texas Intermediate crude oil futures for near-month delivery on the NYMEX range between \$26.12 and \$26.75 per barrel. Forecasts of increased international oil demand, coupled with reports of OPEC quota compliance, are lending price support, even as political situations that also were perceived to be adding to prices are easing.

Other topics affecting **world oil markets** include:

- On May 6 at the United Nations Security Council, the United States introduced a resolution to revise Iraqi sanctions to allow for freer flow of nonmilitary goods to Iraq. According to a May 7 White House announcement, the members of the Security Council have agreed on the revisions, and a vote will be taken before the end of the week.
- Later this week, UN Security Council members are expected to renew the oil-for-food program and approve extensive safeguards against Iraq program abuses.
- While Iraqi crude export loadings are expected to resume on May 8, a reduced number of purchasers reportedly are scheduling to buy the crude. Retroactive pricing policies, designed by the U.S. and U.K. to prevent illegal surcharges to be added to the selling price of the oil, as well as Iraq's off-and-on exports, are making the crude less attractive to purchasers.

Other recent developments in **U.S. energy markets** include:

- As of May 7, the [U.S. Strategic Petroleum Reserve](#) (SPR) contained 566.7 million barrels of oil. The SPR has a maximum drawdown capability of 4.18 million barrels per day for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown.
- On May 6, the U.S. Minerals Management Service said that it is ready to review plans for the deployment of floating oil production systems in the Gulf of Mexico. The agency noted that it has not yet received any applications to use this previously prohibited technology.
- Across much of the nation, more seasonal temperatures led to slightly reduced natural gas prices. Florida was an exception, where high temperatures and unscheduled maintenance contributed to a price increase.
- Heavy rain temporarily disrupted coal production and transport in West Virginia, Virginia and Kentucky between May 2 and May 5.
- Electricity prices across the nation increased by 7% over the last week. Decreased hydroelectric power supplies coupled with increased heating demand caused price increases in the West, while increased cooling demand raised prices in the Northeast.

Special Topic -- Basic Facts on [Iraq](#)

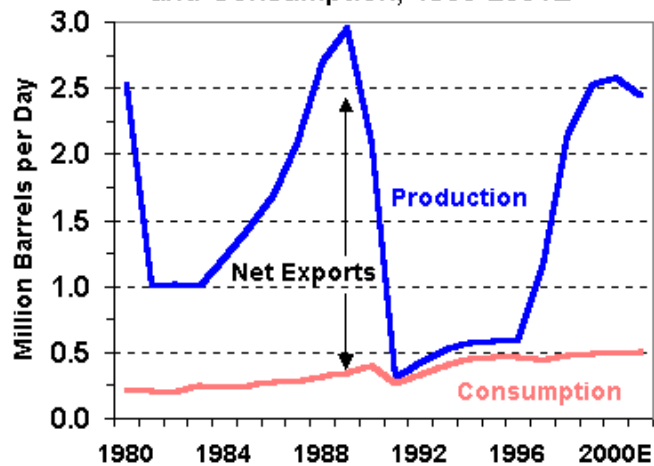
(updated May 6, 2002)

While Iraq's weekly export levels fluctuate, the country remains an important world oil player, with U.N. oil-for-food exports from January 1, 2002 through April 8, 2002 averaging 1.7 million barrels per day. Oil-for-food exports ceased on April 8, when the country declared a unilateral embargo. According to the Iraqi government, the oil export embargo will end at midnight on May 7, 2002.

The United States is the largest single market for Iraqi oil, with almost half of Iraqi oil exports bound for the United States in 2001. Imports from Iraq accounted for an average 8% of total U.S. imports in 2001. In 2001, Iraq was the sixth-largest source of U.S. crude oil imports, behind Saudi Arabia, Mexico, Canada, Venezuela, and Nigeria.

The current phase of the oil-for-food program expires at the end of May 2002. Temporary downturns in Iraqi exports in association with program rollovers are common.

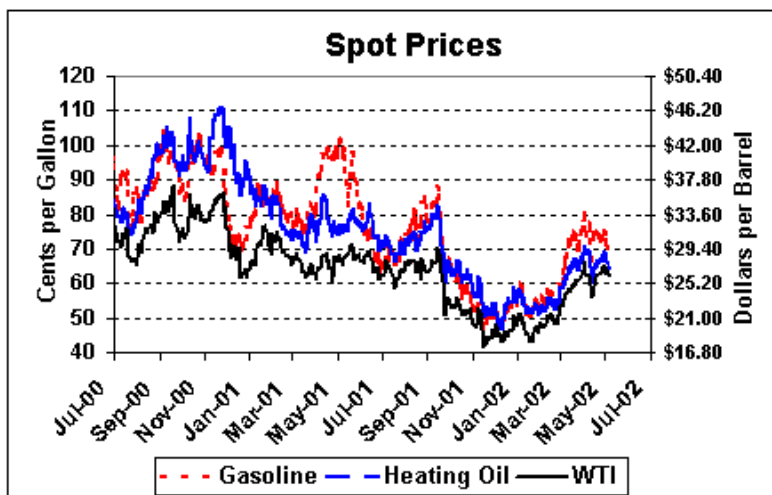
Iraq's Oil Production and Consumption, 1980-2001E



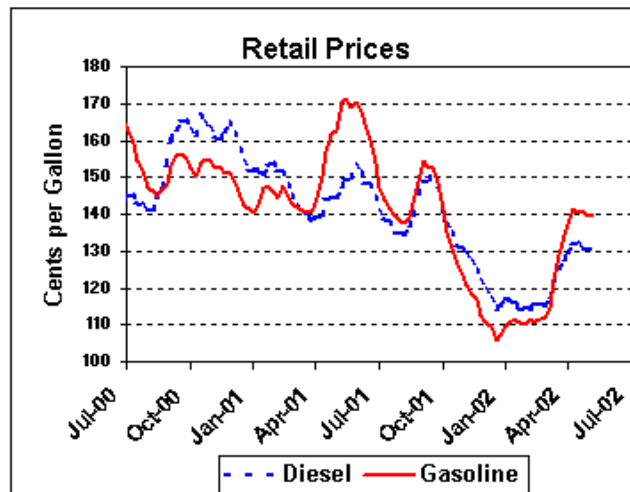
Note: Production includes crude oil, lease condensate, natural gas liquids, ethanol, and refinery gain.

U.S. Petroleum Prices

(updated May 7, 2002)



Source: Closing quote as reported by Reuters News Service



Source: Energy Information Administration (EIA)

Crude Oil and Oil Products Price Table

Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	Spot	US Average	
	Cushing		NYH		NYH		NYH	Mt. Behvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
3/19/2002	\$25.02	\$24.88	74.23	83.16	66.20	66.12	67.30	39.63	37.13	134.2	128.1
3/20/2002	\$24.92	\$24.90	72.30	81.92	65.60	66.57	66.60	39.82	37.57		
3/21/2002	\$25.74	\$25.61	73.88	82.93	66.80	67.14	67.80	38.69	37.00		
3/22/2002	\$25.56	\$25.35	70.82	80.08	64.83	65.27	65.45	39.69	38.25		
3/25/2002	\$25.69	\$24.99	69.55	78.81	63.60	64.16	64.60	39.00	37.75		
3/26/2002	\$25.75	\$25.36	70.81	80.08	65.23	65.68	66.26	39.75	38.25	137.1	129.5
3/27/2002	\$25.79	\$25.87	74.55	82.05	66.40	66.72	67.80	40.50	39.63		
3/28/2002	\$26.21	\$26.31	74.88	82.49	67.05	66.89	67.95	40.63	41.00		
3/29/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
4/1/2002	\$26.82	\$26.88	78.25	84.90	68.40	68.69	68.05	42.38	41.88		
4/2/2002	\$27.75	\$27.71	80.15	86.98	70.65	70.95	72.75	44.82	44.63	141.3	132.3
4/3/2002	\$27.55	\$27.56	76.35	84.84	70.40	70.83	72.50	44.38	44.25		
4/4/2002	\$26.64	\$26.58	74.75	82.33	68.40	68.66	70.50	44.01	44.50		
4/5/2002	\$26.21	\$26.21	73.70	81.70	68.15	68.22	70.05	43.00	42.19		
4/8/2002	\$26.16	\$26.54	77.57	84.19	69.57	69.30	71.20	43.82	42.94		
4/9/2002	\$25.45	\$25.82	75.13	83.39	66.80	67.80	68.50	41.19	40.13	140.4	132.0
4/10/2002	\$26.15	\$26.13	76.00	83.44	67.35	67.84	68.98	41.00	40.13		
4/11/2002	\$24.93	\$24.99	72.53	78.87	64.73	64.71	66.50	39.00	37.69		
4/12/2002	\$23.51	\$23.47	66.48	72.96	60.03	60.05	61.93	38.07	36.63		
4/15/2002	\$24.53	\$24.57	73.00	78.63	63.07	63.34	65.09	39.50	38.00		
4/16/2002	\$24.92	\$24.75	74.73	79.29	64.23	63.78	66.25	39.50	38.00	139.3	130.2
4/17/2002	\$25.94	\$25.94	74.70	80.77	65.10	65.40	67.25	40.25	38.75		
4/18/2002	\$25.86	\$26.18	74.57	81.13	65.30	65.58	67.25	41.13	39.13		
4/19/2002	\$26.43	\$26.38	73.95	80.40	65.65	65.91	67.75	40.38	37.88		
4/22/2002	\$26.28	\$26.27	72.82	79.02	65.55	65.81	67.65	41.00	38.50		
4/23/2002	\$26.28	\$26.62	74.11	80.16	66.40	66.53	69.07	41.69	39.32	139.5	130.5
4/24/2002	\$26.28	\$26.38	71.89	78.76	66.10	66.12	68.28	41.13	39.19		
4/25/2002	\$26.36	\$26.73	72.50	79.37	66.70	67.20	69.10	41.50	39.69		
4/26/2002	\$27.12	\$27.11	74.00	81.39	67.60	67.90	70.00	40.69	39.25		
4/29/2002	\$27.45	\$27.57	74.95	83.36	68.95	69.20	71.20	41.57	39.25		
4/30/2002	\$27.32	\$27.29	74.93	82.30	68.65	68.90	70.90	42.00	39.88	139.5	130.5
5/1/2002	\$26.58	\$26.75	72.75	80.48	67.33	67.42	69.65	41.63	39.51		
5/2/2002	\$26.31	\$26.24	71.73	78.49	66.38	66.07	68.48	41.09	38.50		
5/3/2002	\$26.75	\$26.62	70.78	78.77	66.40	66.53	68.28	41.07	38.63		
5/6/2002	\$26.11	\$26.12	69.07	77.45	64.40	64.98	66.00	40.75	38.13		

Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

Latest U.S. Weekly EIA Petroleum Information

(updated May 1, 2002)

Bulls vs. Bears

Following the breakneck 5.8% growth rate (measured as Gross Domestic Product or GDP) registered for the U.S. economy during the first quarter 2002, some economists are now suggesting more moderate growth in the range of 3% to 3.5% during the second quarter, and perhaps for the remainder of the year. How will these projections bode for U.S. petroleum markets in the months ahead? Taking either a bullish or bearish position with respect to the level of GDP growth may only determine the speed at which oil markets will tighten up. Even with this week's increase in crude oil inventories, it does appear inevitable that, in the near future, crude oil inventories will fall. As a result, diminishing crude oil supplies may have the effect of causing added tightness in gasoline, and possibly jet fuel markets in the run-up to the summer travel season.

The unexpectedly large jump in economic activity during the first quarter of 2002, when combined with the modest 1.7% rebound in GDP during the fourth quarter of 2001, now strongly confirms the view held here that seemingly weak U.S. oil demand levels apparent over the winter now ended were not structurally rooted. Most, if not all, of the deficit seen in monthly comparisons with last year now can be attributed to short-term factors, all-but-dissipated near record warm weather, dramatically lower natural gasoline prices, and September 11's impact on jet fuel demand. Should economic growth continue to run at 3% or higher (which seems plausible, even over the second quarter of 2002, since continued slowing in de-stocking in the business sector is anticipated), the masking effect of these factors will be evident all too soon in solid petroleum demand growth rates and inventory declines.

Indeed, largely unaffected by these special factors, demand for finished motor gasoline set a first quarter record, averaging 8.4 million barrels per day, 2.3% higher than first quarter 2001. Demand for jet fuel, although trailing more than 10% below the same first quarter period last year, continues to rebound from the effects of the September 11 terror attacks. For example, over the most recent four-week period, jet fuel demand is just 1.4% less than during the same period

last year, while motor gasoline has shown a growth rate of 2.7% over this period. Again, if demand for these fuels remains strong, crude oil and petroleum product inventories would be expected to trend lower over the next few months. While an inventory cushion currently exists for motor gasoline, jet fuel inventories remain close to year-ago levels. For the week ending April 26, inventories of motor gasoline stood at 211.9 million barrels, more than 12 million barrels above year-ago levels. Inventories of jet fuel totaled 39.7 million barrels during this same period, 0.8 million barrels below the prior year level.

U.S. reported commercial crude oil inventories surprised analysts by increasing 4.6 million barrels last week. Although a small rise in crude oil imports explains some of the gain, the additional increase in reported inventories is in the nature of weekly data. Sometimes changes in reported inventories lag changes in imports, as the timing of imports is critical with weekly data. Nevertheless, despite this increase, commercial crude oil inventories remain less than 4 million barrels above the level at the same time last year. Moreover, crude oil imports over the last four weeks have averaged 8.9 million barrels per day, down about 9% from the same period last year. If product demand continues to remain relatively strong for gasoline in particular, the current inventory cushion will be needed to supply the market temporarily. However, once this cushion is reduced, refiners will need to increase production, putting added pressure on crude oil inventories.

Retail Gasoline Prices See Little Change (these two paragraphs updated on May 7, 2002)

The national average retail price for regular motor gasoline on May 6 gained slightly from the previous week, increasing 0.2 cent per gallon to end at 139.5 cents per gallon. This price is 30.8 cents per gallon lower than last year. Prices have remained mainly flat over the past four weeks, with slight up and down changes. Prices were mostly down throughout the country on May 6, except for the Midwest, which saw an increase of 1.5 cents per gallon from the previous week, ending at 137.0 cents per gallon. Prices remained unchanged on the East Coast, staying at 137.9 cents per gallon for the second week. The largest price decrease occurred in California, where prices dropped 1.8 cents per gallon. The relative calm in gasoline markets over the past few weeks may mean that the small bumps we are seeing in the retail price may simply be the pass through of price changes in the wholesale market over the past 6 weeks or so.

Retail diesel fuel prices increased by 0.3 cent per gallon after falling for three weeks, to a national average of 130.5 cents per gallon as of May 6.

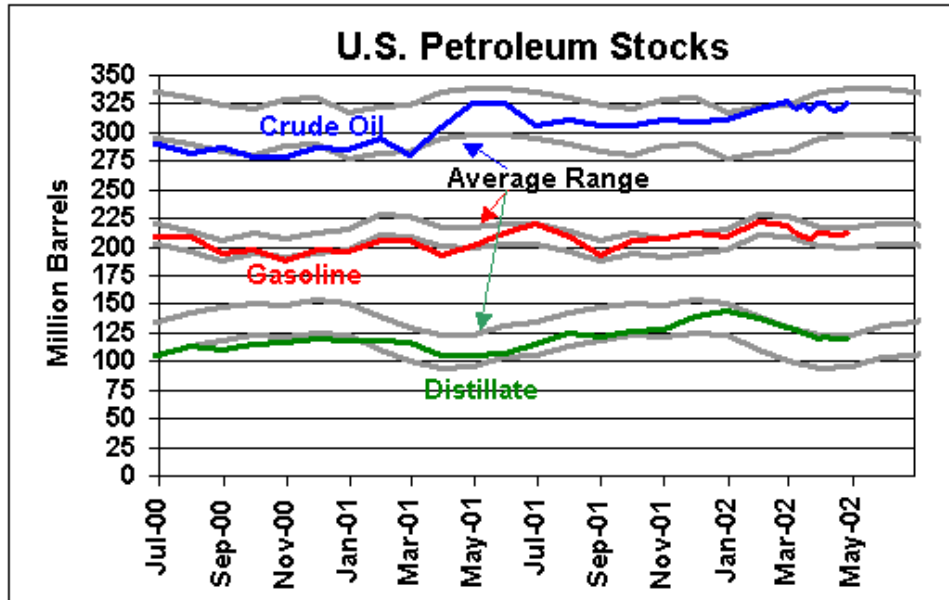
Total Gasoline Imports Reach Record Levels

Total gasoline imports (including blending components) averaged nearly 1.1 million barrels per day for the week ending April 26, which is more than 100,000 barrels per day higher than the previous record set during the week ending September 28, 2001. Even with this record level of imports, gasoline inventories only increased by 1.3 million barrels. If imports had been just 200,000 barrels per day less (which still would have represented a high level), gasoline inventories would have been drawn down slightly.

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	4/26/2002	4/26/2001	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	15,140	15,441	-301	-1.9%
Operable Capacity	16,800	16,636	164	1.0%
Operable Capacity Utilization (%)	89.9%	94.2%	-4.3%	
Production				
Motor Gasoline	8,408	8,395	13	0.2%
Jet Fuel	1,497	1,543	-46	-3.0%
Distillate Fuel Oil	3,628	3,633	-5	-0.1%
Imports				
Crude Oil (incl. SPR)	8,914	9,785	-871	-8.9%
Motor Gasoline	885	760	125	16.5%
Jet Fuel	123	152	-29	-19.2%
Distillate Fuel Oil	196	306	-110	-36.0%
Total	11,293	12,271	-978	-8.0%
Exports				
Crude Oil	33	8	25	291.5%
Products	938	941	-3	-0.3%
Total	971	950	21	2.2%
Products Supplied				
Motor Gasoline	8,772	8,539	233	2.7%
Jet Fuel	1,633	1,656	-23	-1.4%
Distillate Fuel Oil	3,656	3,845	-189	-4.9%
Total	19,467	19,623	-156	-0.8%
Stocks (Million Barrels)				
	4/26/2002	4/26/2001	Diff.	% Diff.
Crude Oil (incl. SPR)	225.5	224.8	0.7	0.3%
Motor Gasoline	211.9	200.1	11.8	5.9%
Jet Fuel	39.7	40.5	-0.8	-2.0%
Distillate Fuel Oil	39.7	40.5	-0.8	-2.0%
Total	39.7	40.5	-0.8	-2.0%

Stocks (Million Barrels)	4/26/2002	4/26/2001	Diff.	% Diff.
Crude Oil (excl. SPR)	325.5	321.9	3.6	1.1%
Motor Gasoline	211.9	199.6	12.3	6.2%
Jet Fuel	39.7	40.5	-0.8	-2.0%
Distillate Fuel Oil	120.2	105.0	15.2	14.5%
Total (excl. SPR)	1,004.3	968.1	36.2	3.7%



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly

World Oil Market Highlights

(updated May 7, 2002)

According to second quarter 2002 estimates, the world holds about 6.8 million barrels per day of excess oil production capacity, over 90% of which lies in OPEC countries. This figure does not include Iraqi spare capacity.

Major Sources of U.S. Petroleum Imports, 2001*			
(all volumes in million barrels per day)			
	Total Oil Imports	Crude Oil Imports	Petroleum Product Imports
Canada	1.79	1.32	0.47
Saudi Arabia	1.66	1.61	0.05
Venezuela	1.54	1.28	0.26
Mexico	1.42	1.38	0.04
Nigeria	0.86	0.81	0.04
Iraq	0.78	0.78	0.00
Norway	0.33	0.27	0.06
Angola	0.32	0.31	0.07
United Kingdom	0.31	0.23	0.08
Total Imports	11.62	9.15	2.47

* Table includes all countries from which the U.S. imported more than 300,000 barrels per day in 2001.

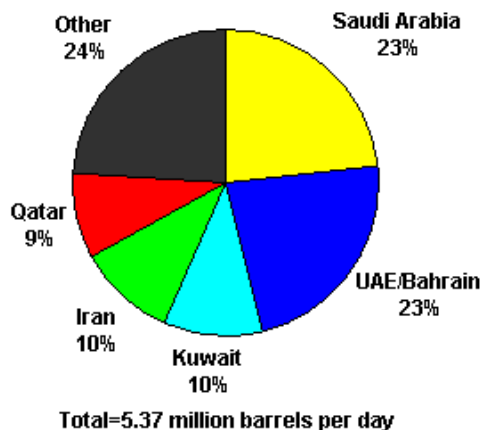
Top World Oil Net Exporters, 2001*		
	Country	Net Exports (million barrels per day)
1)	Saudi Arabia	7.38
2)	Russia	4.76
3)	Norway	3.22
4)	Iran	2.74
5)	Venezuela	2.60
6)	United Arab Emirates	2.09
7)	Nigeria	2.00
8)	Iraq	2.00
9)	Kuwait	1.80
10)	Mexico	1.65
11)	Libya	1.24
12)	Algeria	1.24

*Table includes all countries with net exports exceeding 1 million barrels per day in 2001.

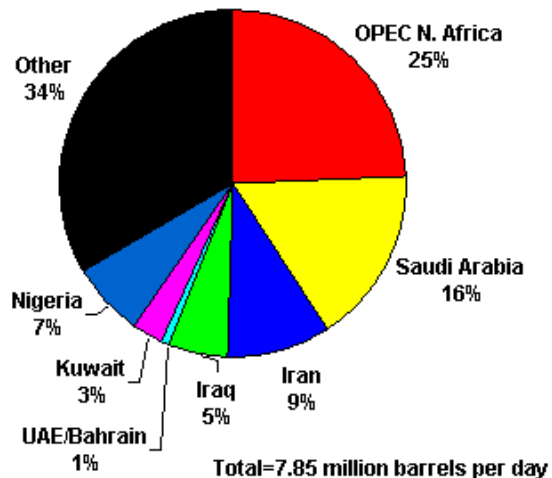
During 2001, about 48% of U.S. crude oil imports came from the Western Hemisphere (19% from South America, 15% from Mexico, 14% from Canada), while 30% came from the Persian Gulf region (18% from Saudi Arabia, 9% from Iraq, 3% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than the United States. During 2001, about 35% of OECD Europe's net oil imports came from the Persian Gulf (mainly Saudi Arabia, Iran, Iraq, and Kuwait), around one-third from Africa (mainly Libya, Algeria, and Nigeria), and much of the remainder from Russia. Japan receives over three-quarters of its oil supplies from the Persian Gulf (mainly the UAE, Saudi Arabia, Kuwait, Iran, and Qatar) with the remainder coming from Indonesia, China, and other sources.

Japanese Net Oil Imports by Country, 2001



OECD European Net Oil Imports by Country, 2001



Latest U.S. Weekly Natural Gas Information

(updated May 7, 2002)

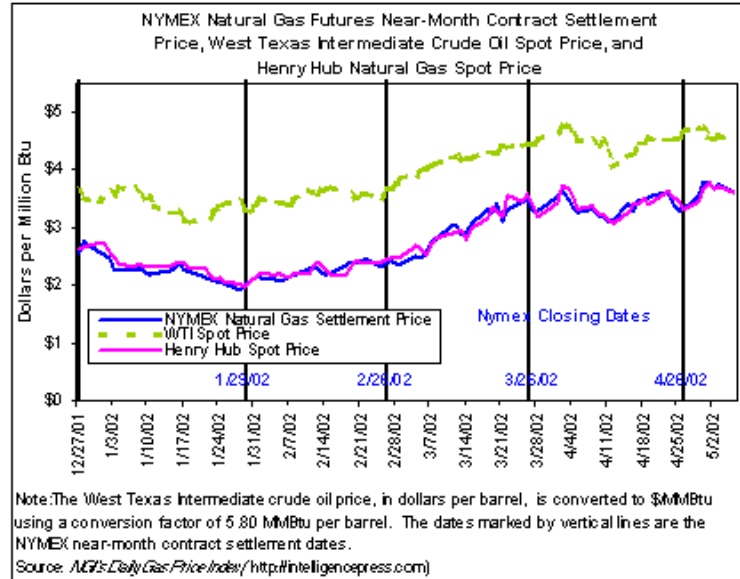
Industry/Market Developments

EIA Weekly Storage Data Series: EIA released the report [Methodology for EIA Weekly Underground Natural Gas Storage Estimates](#) on Wednesday, May 1, which discusses the methods and procedures that will be used by EIA to prepare weekly estimates of working gas in storage. The paper describes the new weekly survey form (EIA-912) and survey processing procedures, the methodology for sample selection and estimation, and procedures relating to revisions and data security. General information on the weekly storage survey, including weekly release time, a sample of the presentation format, and EIA's policy on the use of automated retrieval programs (or robots) against the EIA web site, is available at <http://tonto.eia.doe.gov/oog/info/ngs/information.html>. A second paper, comparing the AGA and EIA surveys and methods, will be available through this web site this week.

Prices

At the Henry Hub, the spot price moved down 10 cents to \$3.61 per MMBtu yesterday (5/06/02) as more seasonal temperatures arrived in most areas of the Midwest and the Northeast. One exception to this more moderate weather pattern and declining prices continues to be Florida where air conditioning demand remains high. Prices in Florida, which were reported to be near \$6.25 per MMBtu on Monday, were also affected by some unexpected compressor maintenance on the Florida Gas Transmission system, which is scheduled to be completed today (5/07/02). In the Rocky Mountain region, the anticipated opening today of the Trailblazer pipeline expansion contributed to price increases of \$0.45 to \$0.97 per MMBtu yesterday as regional prices ranged from \$1.94 to \$2.98 per MMBtu. Also out West, an outage at a San Juan Basin processing plant in New Mexico contributed to a \$0.32 per MMBtu increase in the California composite average price.

On the NYMEX, the contract for June delivery moved down \$0.15 to end the day at \$3.595 per MMBtu. Trading on natural gas futures contracts through the end of the summer also moved down a similar amount to settle yesterday (5/06/02) at the following levels: July - \$3.639 per MMBtu, August - \$3.680 per MMBtu, and September - \$3.685 per MMBtu.



All prices in \$ per MMBtu	California Composite Average Price*	Henry Hub	New York City	Chicago	NYMEX futures contract- June delivery	NYMEX futures contract- July delivery
4/8/02	3.23	3.36	3.72	3.40	3.365	3.410
4/9/02	3.14	3.25	3.59	3.28	3.240	3.283
4/10/02	3.15	3.25	3.59	3.28	3.223	3.264
4/11/02	3.04	3.14	3.56	3.17	3.141	3.181
4/12/02	2.68	3.08	3.35	3.09	3.163	3.205
4/15/02	3.11	3.27	3.74	3.30	3.465	3.500
4/16/02	3.31	3.43	3.88	3.44	3.329	3.367
4/17/02	3.23	3.40	3.76	3.38	3.511	3.546
4/18/02	3.31	3.51	3.81	3.50	3.523	3.558
4/19/02	3.01	3.40	3.68	3.41	3.562	3.595
4/22/02	3.32	3.58	3.97	3.59	3.616	3.646
4/23/02	3.31	3.63	3.97	3.64	3.615	3.645
4/24/02	3.14	3.53	3.85	3.55	3.431	3.465
4/25/02	3.14	3.47	3.81	3.49	3.306	3.341
4/26/02	2.70	3.32	3.66	3.33	3.372	3.407
4/29/02	3.14	3.44	3.79	3.48	3.561	3.589
4/30/02	3.27	3.65	3.95	3.67	3.795	3.823
5/1/02	3.32	3.79	4.06	3.81	3.735	3.767
5/3/02	2.91	3.71	3.92	3.69	3.745	3.787
5/6/02	3.23	3.61	3.81	3.58	3.595	3.639

* Average of NGI's reported average prices for: Malin, PG&E citygate, and Southern California Border Average.

Source: NGI's Daily Gas Price Index (<http://intelligencepress.com>)

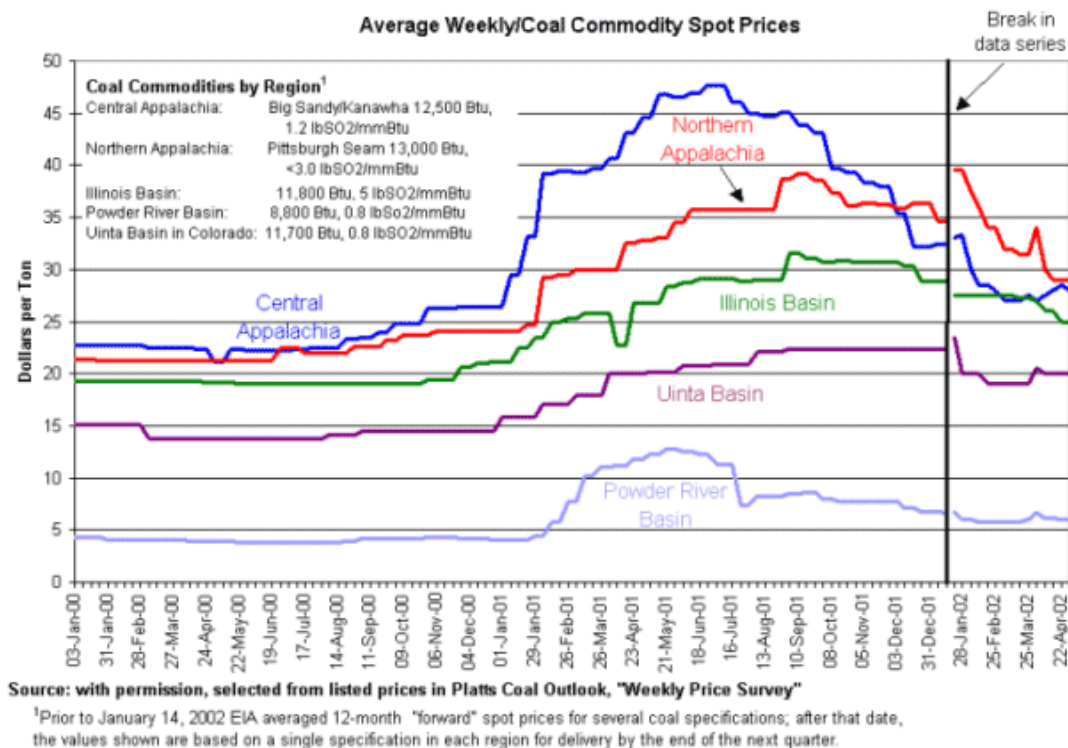
Latest U.S. Coal Information

(updated May 7, 2002)

Temporary disruptions in supply lines for Central Appalachian coal occurred between Thursday, May 2, and Sunday, May 5, 2002, as "heavy rain pounded a five-county area where West Virginia, Virginia and Kentucky meet, sending normally quiet streams raging over their banks" (AP, May 3, 2002). Rapid rainfall always has the potential to disrupt or flood mine workings -- and in this case, State authorities have intervened to control at least one spill from an abandoned waste pond in West Virginia -- but wider problems strained the distribution system. Flooding and washouts affected coal truck deliveries to prep plants and long hauls on the Norfolk Southern Railroad. High water in the Big Sandy and Tug Fork Rivers delayed barge shipments and loadings at some docks. By Monday, May 6, although rivers were still near flood stage and currents were swift, shipping was continuing with minor delays as vigilant rivermen watched for runoff surges in downstream reaches of the rivers, or in the event of new local storms.

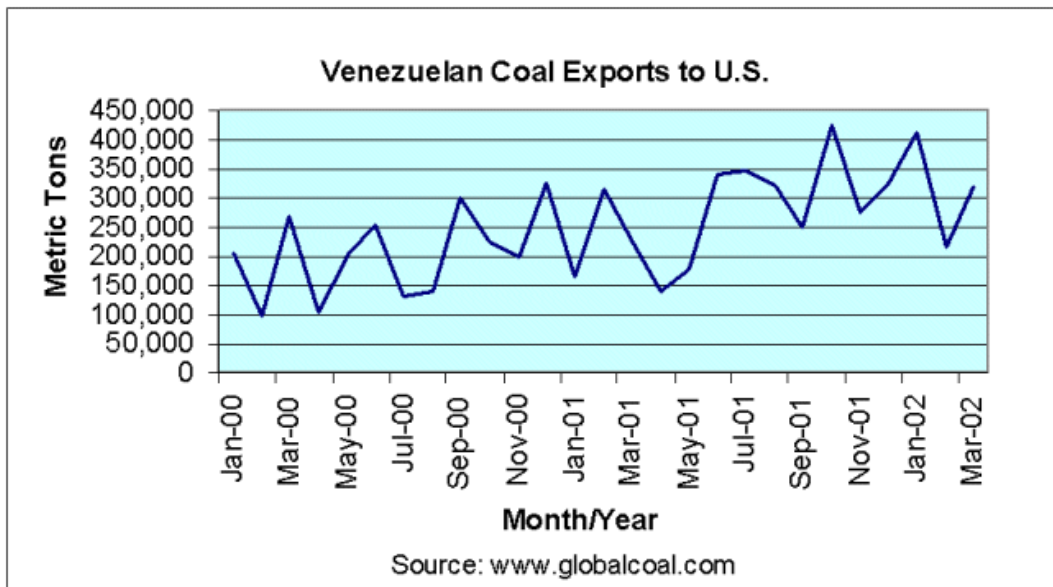
Short-term distribution problems of this kind are not usually reflected in Weekly Coal Production estimates. Although they affect local routings, they do not severely disrupt State-level coal production and the overall supply chain. Localized effects and less-than-full-week delivery problems are not precisely traceable given the source data EIA uses for weekly estimates. For the week ending April 27, EIA estimates U.S. [coal production](#) at 20.2 million short tons (mst). This was 7% lower than in the comparable week in 2001. Year-to-date as of April 27, rail car loadings of coal and national coal production have fallen by 4.5% and 5.3%, respectively, compared to their levels a year ago. Year-to-date, western U.S. coal production is 1.4% below the levels of a year ago, whereas eastern U.S. coal production is estimated to be 9.5% below last year's level. The estimated production for the first quarter of 2002 was 268.8 mst. Restrained production at this time accommodates higher-than-usual coal stockpiles at consuming facilities, coinciding with the spring period of low seasonal demand.

While crude oil prices have fluctuated, mostly upward, in recent weeks, U.S. coal prices have either fallen or held relatively steady. Although price criteria changed since last summer, Illinois, Uinta, and Powder River Basin coals are continuing the level-to-slowly-declining price profiles established with the 2001 spot data. Since summer 2001 peaks, Central and Northern Appalachian coal prices have fallen significantly (by about \$20.00 and 10.00 per short ton, respectively). The latest prices, \$28.00 per short ton for Central Appalachian and \$29.00 per short ton for Northern Appalachian coal, are 26% and 36% above prices in the summer of 2000, prior to escalation. Spot prices currently indexed are running about 25% and 40% above the summer 2000 baseline, respectively, for Central and Northern Appalachia, and about 10% for the Uinta Basin, 20% for the Illinois Basin, and 50% for the Powder River Basin, above summer 2000 levels. In the latest week, coal prices either did not change or moved down by small percentages. Although NYMEX trade volumes are nominal and erratic, the trend since mid-November 2001 has been toward lower prices, with a leveling off of prices since early February 2002.



Principals from the over-the-counter (OTC) markets say the wide volatility of coal prices during the past 2 years indicates the need for a "more mature" OTC trading market, according to Platts Coal Trader, April 23, 2002. The prices tracked in the Average Weekly Coal Commodity Spot Prices (above) are estimated from near-term OTC spot prices, for delivery by the end of the coming quarter, or generally within 30 to 120 days.

Although the United States can produce sufficient coal for domestic needs, 12.5 mst were imported in 2000, about 1% of consumption. A few electric power generators situated near the Atlantic and Gulf coasts purchase imported coal because their location allows them to cash in on low mine-level prices and ocean shipping rates and because the imported coals are low in sulfur, with high heat content. In 2000, 2.0 mst of coal was imported from Venezuela.



A March 28 ruling by U.S. District Judge James Robertson, of the federal district court in Washington, DC, would restrict underground coal mining under national parks, inhabited residences, and other protected areas. The court ruled in favor of the Citizens Coal Council, an environmental advocacy group, in its suit challenging the way the Department of the Interior has allowed permitting of underground coal mining that may cause ground subsidence in specified protected areas. The effect of this ruling would negate permitting practices that have been followed, but challenged, almost since the initiation of the Surface Mining Control and Reclamation Act of 1977. The National Mining Association, which along with Gale Norton, Secretary of the Interior, is one of the Defendants, claims that the ruling ignores long-standing interpretation of the 1977 statute and would devastate eastern U.S. coal production. It pledges to appeal the ruling.

In the long term, however, EIA expects domestic coal supplies to be more than adequate for projected consumption. Most coal is still sold under multi-year contracts, and average prices for all coal supply contracts, incorporating spot and long-term, are projected to stabilize at well below current spot prices. EIA's projections of average coal prices decline slightly in inflation-adjusted dollars because nominal prices rise more slowly than the rate of inflation between 2000 and 2020.

Latest U.S. Electricity Information

(updated May 7, 2002)

Selected Wholesale Electricity Prices (April 30 - May 06): Western U.S. wholesale electricity prices increased Monday, May 6, due to a decrease in available hydroelectric generation and an increase in heating demand as cooler weather hit the region. Prices at the California-Oregon Border jumped 21%, from \$23.90 per megawatthour on May 3 to \$28.88 per megawatthour on May 6. Palo Verde prices increased from \$25.22 per megawatthour on May 3 to \$29.91 per megawatthour on May 6.

Electricity prices increased in the Northeast as warmer weather led to an increase in cooling loads. ISO New England's electricity price increased from \$30.18 per megawatthour on May 5 to \$36.66 per megawatthour on May 6. New York electricity prices increased from \$29.99 per megawatthour on May 5 to \$36.42 per megawatthour on May 6.

Overall, the average price at all trading centers increased 7% over the past week, from \$28.02 per megawatthour on April 30 to \$30.05 per megawatthour on May 6.

U.S. Regional Electricity Prices at Major Trading Centers (Dollars per megawatthour)

Trading Centers	Date							Price Range		
	4/30/02	5/1/02	5/2/02	5/3/02	5/4/02	5/5/02	5/6/02	Max	Min	Average
COB	27.00	29.67	27.13	23.90	n.q.	n.q.	28.88	29.67	23.90	26.52
Palo Verde	27.89	30.63	29.98	25.22	n.q.	n.q.	29.91	30.63	25.22	28.15
Mid-Columbia	18.67	22.11	22.44	21.15	n.q.	n.q.	27.23	27.23	18.67	20.84
Mead/Marketplace	29.02	31.33	30.56	25.98	n.q.	n.q.	31.29	31.33	25.98	28.87
4 Corners	26.44	29.38	30.85	24.50	n.q.	n.q.	30.00	30.85	24.50	27.48
NP 15	29.06	32.63	30.58	26.34	n.q.	n.q.	30.04	32.63	26.34	29.16
SP 15	29.36	32.54	30.94	26.58	n.q.	n.q.	30.70	32.54	26.58	29.46
PJM West	26.50	27.09	27.00	24.34	n.q.	n.q.	26.46	27.09	24.34	26.65
ISO New England	31.50	34.07	35.40	35.31	32.38	30.18	36.66	36.66	30.18	33.83
New York ISO	39.98	39.32	37.31	38.56	32.79	29.99	36.42	39.98	29.99	37.26
Cinergy	22.74	23.96	22.28	20.58	n.q.	n.q.	22.93	23.96	20.58	22.78
Average Price	28.02	30.25	29.50	26.59	32.58	30.08	30.05	32.58	26.59	28.27

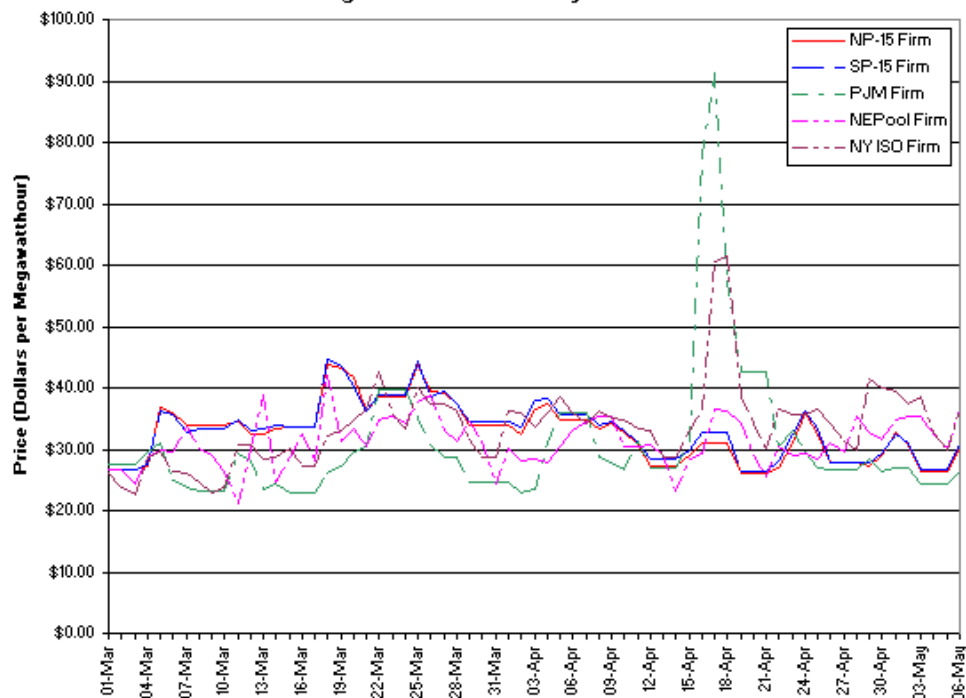
Source: COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, and Cinergy trading centers, Used with Permission from Bloomberg L.P. (www.bloomberg.com), ISO New England (<http://www.iso-ne.com>), and New York ISO

Notes:

n.q. - No quotes available for the day.

COB: Average price of electricity traded at the California-Oregon and Nevada-Oregon Borders.
Palo Verde: Average price of electricity traded at Palo Verde and the West Wing, Arizona.
Mid-Columbia: Average price of electricity traded at Mid-Columbia.
Mead/Market Place: Average price of electricity traded at Mead Market Place, McCullough and Eldorado.
Four Corners: Average price of electricity traded at Four Corners, Shiprock, and San Juan, New Mexico.
NP-15: Average price of electricity traded at NP-15.
SP-15: Average price of electricity traded at SP-15.
PJM-West: Average price of electricity traded at PJM Western hub.
Nepool: Average price of electricity traded at the New England ISO, formerly Nepool.
New York ISO: Average price of electricity traded at the New York ISO.
Cinergy: Average price of electricity traded into the Cinergy control area.

Average Wholesale Electricity Prices in the U.S.



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